Health Care Financing Notes

Medicare : Use of Home Health Services, 1978

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Health Care Financing Notes

The Health Care Financing Administration was established to combine health financing and quality assurance programs into a single agency. HCFA is responsible for the Medicare program, Federal participation in the Medicaid program, the Professional Standards Review Organization program, and a variety of other health care quality assurance programs.

The mission of the Health Care Financing Administration is to promote the timely delivery of appropriate, quality health care to its beneficiaries—approximately 47 million of the nation's aged, disabled, and poor. The Agency must also ensure that program beneficiaries are aware of the services for which they are eligible, that those services are accessible and of high quality, and that Agency policies and actions promote efficiency and quality within the total health care delivery system.

HCFA's Office of Research, Demonstrations, and Statistics (ORDS) conducts studies and projects that demonstrate and evaluate optional reimbursement, coverage, eligibility, and management alternatives to the present Federal programs. ORDS also assesses the impact of HCFA programs on health care costs, program expenditures, beneficiary access to services, health care providers, and the health care industry. In addition, ORDS monitors national health care expenditures and prices and provides actuarial analyses on the costs of current HCFA programs as well as the impact of possible legislative or administrative changes in the programs.

The purpose of the ***Health Care Financing Notes*** is to provide the public with descriptive program data or information as soon as it becomes available. Data are presented here in a brief, concise format. Frequently a more comprehensive analysis of the data may be available at a later time in one of the Health Care Financing Administration's other publications.

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Medicare: Use of Home Health Services, 1978

This Note presents, for the first time, 1978 data on home health services used by Medicare beneficiaries. The accompanying tables show (1) trends in the utilization of and Medicare reimbursements for home health services, (2) utilization and reimbursement in 1978 by selected demographic characteristics of the beneficiaries, and (3) utilization and reimbursements in 1978 by State of residence.

Highlights of the data follow:

Trends in Reimbursement

- Interim reimbursements for home health services in 1978 were almost $427 million — an increase of 16.5 percent over 1977 (Table 1).
- In 1978, home health payments amounted to 1.8 percent of total Medicare payments. This percentage is slightly higher than percentages in previous years.
- Medicare reimbursements for home health services increased at a higher rate — 16.5 percent — in 1978 than total Medicare reimbursements, 13.8 percent.

Utilization Characteristics, 1978

- Almost two-thirds of the services were used by female beneficiaries, who comprised 57 percent of the enrolled population (Table 2).
- Services provided to white beneficiaries outnumbered services to all other races by about 8 to 1, or about the same ratio as the respective enrolled populations.
- The aged, who comprise 90 percent of the enrolled population, used 92 percent of the services and also accounted for a similar proportion of the charges.
- The remaining 8 percent of the services were used by Medicare beneficiaries who were disabled or had end-stage renal disease.

Utilization and Charges by Geographic Area, 1978

- One-third of the home health visits were provided to Medicare beneficiaries in the Northeast where 24 percent of the enrolled population resides (Table 3).
- The average charge per visit ranged from $32 in the Pacific States to $19 in the New England States.
- Higher charges than average were recorded for beneficiaries living outside the United States, but these areas accounted for less than 3 percent of the services and reimbursements.

Sources and Limitations of Data

Data published in this report were obtained from billing forms submitted by home health agencies for Medicare beneficiaries receiving reimbursable services in 1978. Figures shown are estimates based on a 40 percent sample of the enrolled population and subject to sampling variability. The sample counts have been inflated to give an estimate of the utilization of home health services for 1978 based on bills recorded as of July 1979. Payments shown are based on interim rates that are adjusted after the end of the accounting year according to reasonable costs of operation.

Standard Error Tables

Tables 4 and 5 show approximate standard errors for estimates presented in this report. The standard error is a measure of sampling variability: the variation occurs by chance because a sample rather than the whole population is used. Approximate methods were used to calculate the standard of errors at a reasonable cost. Thus, these tables should be used only as indicators of the order of magnitude of the standard errors for specific estimates.

DEFINITIONS

Home Health Services — These are reimbursable services under Medicare which include intermittent skilled nursing, physical therapy, speech therapy, occupational therapy, medical social services, home health aide services, services of interns and residents; medical supplies (except drugs and biologicals), and the use of medical equipment.

Home Health Service Visit — A personal visit to the home of a patient to provide covered medical services.

Prepared by Wayne Callahan, Office of Research, Demonstrations and Statistics, Health Care Financing Administration. The reliability of the estimates was prepared by James Beebe.

Table 1
Utilization of Home Health Agency Services:
Total Medicare Reimbursement, Reimbursement for Home Health Services, and Number of Home Health Visits under Medicare, Calendar Years 1969-78

(in millions)

	Total Medicare Reimbursement		Home Health Agency Reimbursement			Home Health Visits	
	Amount	Percent Change	Amount	Percent Change	As Percent of Total Medicare Reimbursement	Number	Percent Change
1969	$ 6,284.0	—	$ 78.1	—	1.24	8.5	—
1970	6,772.4	7.8	61.5	-21.2	.91	6.0	-29.4
1971	7,486.9	10.6	56.8	- 7.7	.76	4.8	-20.5
1972	8,216.1	9.7	65.9	16.1	.80	5.2	9.2
1973	9,637.8	17.3	92.9	40.8	.96	6.4	22.4
1974	11,898.0	23.5	144.3	55.4	1.21	8.2	29.3
1975	14,712.2	23.7	217.0	50.4	1.47	10.9	32.3
1976	17,829.6	21.2	294.6	35.8	1.65	13.5	24.4
1977	20,890.5	17.2	366.5	24.4	1.75	15.6	15.6
1978	23,773.2	13.8	426.9	16.5	1.80	17.1	9.6

Source: Health Care Financing Administration, unpublished utilization statistics. Amounts are for year in which expenses were incurred, based on bills processed through June 1979. Thus, data for most recent years are less complete than data for earlier years.

The amounts reimbursed are based on interim rates which are adjusted after the end of each provider's accounting year on the basis of reasonable costs of operation. Retroactive reimbursements are excluded from the data in these tables.

Table 2
Number and Percentage Distribution of Home Visits and Amount of Charges by Selected Demographic Characteristics, 1978

(numbers and amounts in thousands)

Demographic Characteristics	All Beneficiaries				Aged				Disabled			
	Number of Visits	Visit Charges	Total Charges	Total Reimbursement	Number of Visits	Visit Charges	Total Charges	Total Reimbursement	Number of Visits	Visit Charges	Total Charges	Total Reimbursement
Total	17,070	$465,940	$491,383	$426,868	15,727	$429,186	$452,162	$392,661	1,343	$36,754	$39,220	$34,206
Sex:												
Male	6,016	166,368	177,500	153,240	5,407	149,451	159,200	137,521	609	16,917	18,300	15,719
Female	11,054	299,573	313,883	273,628	10,320	279,735	292,963	255,141	734	19,838	20,920	18,487
Race:												
White	14,691	396,181	417,431	363,901	13,593	366,596	385,817	336,327	1,098	29,586	31,614	27,574
All Other	1,964	58,619	62,185	52,789	1,744	52,146	55,334	46,809	219	6,473	6,851	5,980
Unknown	416	11,140	11,767	10,178	390	10,455	11,011	9,525	26	696	756	653
Type of Coverage:												
Hospital Insurance	12,119	334,429	352,963	310,919	11,210	309,122	325,871	287,092	909	25,307	27,092	23,827
Medical Insurance	4,951	131,511	138,420	115,948	4,517	120,064	126,291	105,569	434	11,447	12,128	10,379
	Percentage Distribution											
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sex:												
Male	35.2	35.7	36.1	35.9	34.4	34.8	35.2	35.0	45.3	46.0	46.7	46.0
Female	64.8	64.3	63.9	64.1	65.6	65.2	64.8	65.0	54.7	54.0	53.3	54.0
Race:												
White	86.1	85.0	84.9	85.2	86.4	85.4	85.3	85.7	81.8	80.5	80.6	80.6
All Other	11.5	12.6	12.7	12.4	11.1	12.2	12.2	11.9	16.3	17.6	17.5	17.5
Unknown	2.4	2.4	2.4	2.4	2.5	2.4	2.5	2.4	1.9	1.9	1.9	1.9
Type of Coverage:												
Hospital Insurance	71.0	71.8	71.8	72.8	71.3	72.0	72.1	73.1	67.7	68.9	69.1	69.7
Medical Insurance	29.0	28.2	28.2	27.2	28.7	28.0	27.9	26.9	32.3	31.1	30.9	30.3

Table 3
Number of Visits and Amount of Charges, by Geographic Area, 1978

(numbers and amounts in thousands)

Geographic Area	Number of Visits	Visit Charges	Charge Per Visit	Total Charges	Total Reimbursement
All Areas	17,070	$465,940	$27.30	$491,383	$426,868
United States	16,628	447,159	26.89	470,065	414,273
Northeast	5,769	136,248	23.62	142,697	131,843
North Central	3,440	93,017	27.04	95,807	83,062
South	5,131	150,094	29.25	160,802	133,882
West	2,289	67,800	29.62	70,759	65,485
New England	1,773	33,557	18.92	34,186	32,389
Connecticut	483	9,856	20.39	10,006	9,480
Maine	139	2,906	20.90	2,963	2,796
Massachusetts	830	15,176	18.29	15,497	14,566
New Hampshire	100	1,598	16.02	1,604	1,541
Rhode Island	121	2,276	18.88	2,362	2,309
Vermont	101	1,746	17.32	1,754	1,697
Middle Atlantic	3,995	102,691	25.70	108,511	99,453
New Jersey	976	22,972	23.55	24,016	23,740
New York	1,488	44,068	29.62	46,900	42,270
Pennsylvania	1,532	35,651	23.27	37,596	33,443
East North Central	2,300	67,859	29.51	69,174	59,913
Illinois	890	31,010	34.86	31,478	24,846
Indiana	137	2,892	21.09	3,079	2,896
Michigan	400	13,435	33.60	13,572	12,348
Ohio	602	14,481	24.05	14,866	14,149
Wisconsin	271	6,041	22.28	6,179	5,675
West North Central	1,140	25,158	22.07	26,632	23,150
Iowa	121	1,643	13.60	1,673	1,601
Kansas	86	1,745	20.31	1,774	1,596
Minnesota	155	3,566	23.04	3,683	3,512
Missouri	669	16,077	24.04	17,210	14,297
Nebraska	66	1,461	22.28	1,599	1,548
North Dakota	19	326	16.87	341	289
South Dakota	25	340	13.79	351	335
South Atlantic	2,688	80,201	30.06	83,897	73,634
Delaware	52	944	18.23	984	901
Dist. of Columbia	56	1,691	29.97	1,699	1,574
Florida	1,427	47,320	33.15	49,287	42,177
Georgia	191	6,252	32.76	6,778	5,416
Maryland	204	5,658	27.79	5,760	5,521
North Carolina	325	6,818	20.97	7,334	7,189
South Carolina	172	5,651	32.80	5,992	5,397
Virginia	128	3,302	25.83	3,323	3,198
West Virginia	113	2,566	22.75	2,739	2,263
East South Central	1,208	33,532	27.76	37,626	28,217
Alabama	278	7,068	25.39	7,565	6,462
Kentucky	147	4,118	28.10	4,637	4,122
Mississippi	455	12,906	28.35	14,788	9,850
Tennessee	328	9,440	28.79	10,636	7,784

(continued)

Table 3 (cont'd.)
Number of Visits and Amount of Charges, by Geographic Area, 1978

(numbers and amounts in thousands)

Geographic Area	Number of Visits	Visit Charges	Charge Per Visit	Total Charges	Total Reimbursement
West South Central	1,255	$36,360	$28.98	$39,279	$32,031
Arkansas	43	1,208	28.01	1,276	1,211
Louisiana	402	10,148	25.23	11,674	9,129
Oklahoma	62	1,976	31.93	2,043	1,754
Texas	748	23,029	30.80	24,286	19,937
Mountain	549	12,675	23.08	13,424	12,523
Arizona	96	2,326	24.14	2,563	2,371
Colorado	162	4,379	27.03	4,445	4,201
Idaho	77	1,533	19.98	1,786	1,676
Montana	39	747	19.37	763	676
Nevada	33	731	21.93	756	740
New Mexico	67	1,615	24.16	1,697	1,562
Utah	47	777	16.51	829	811
Wyoming	28	566	20.03	585	486
Pacific	1,740	55,125	31.68	57,335	52,962
Alaska	2	64	35.54	64	63
California	1,357	43,535	32.08	45,097	41,733
Hawaii	38	1,097	28.83	1,208	1,184
Oregon	147	4,630	31.55	4,982	4,689
Washington	196	5,799	29.52	5,984	5,292
Outlying Areas[1]	442	18,781	42.54	21,318	12,595

[1] Includes Puerto Rico, Virgin Islands, Guam, other areas, and residence unknown.

TABLE 4.—Approximate standard error of number of visits

Estimated number of visits	Standard error of estimate
5,000	890
10,000	1,300
50,000	3,000
100,000	4,300
500,000	10,000
1,000,000	15,000
4,000,000	31,000
8,000,000	38,000

TABLE 5.—Approximate standard error of amount of total charges, visit charges, or reimbursement

Estimate of charges	Standard error of estimate
$50,000	$10,000
100,000	14,000
500,000	35,000
1,000,000	53,000
10,000,000	220,000
30,000,000	470,000
100,000,000	710,000
150,000,000	720,000

Health Care Financing Notes

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